



INTERNATIONAL COTTON ADVISORY COMMITTEE

Standing Committee
Washington, DC

SC-M-426 Final
June 2, 1997

MINUTES

426th Meeting of the Standing Committee
Thursday, May 22, 1997
Room H1-200, World Bank, 600 19th Street NW
Washington, DC

PRESENT:

- Mr. Victoriano B. Leviste (in the Chair)
- Mr. Paul Morris, Australia
- Ms. Marie-Ange Katzeff, Belgium
- Mr. Carlos J. Ibarguen, Bolivia
- Mr. Aluisio Lima-Campos, Brazil
- Mr. John Deng, China (Taiwan)
- Mr. Frank H. Wu, China (Taiwan)
- Mr. Alan Yanovich, Colombia
- Mr. Mohamed Dawood, Egypt
- Ms. Leena Ritola, Finland
- Mr. Jean-Marie Paugam, France
- Mr. Bert Brueckner, Germany
- Ms. Anna Constantinidou, Greece
- Mr. Jacob Sagiv, Israel
- Ms. Maria-Claudia Marini, Italy
- Mr. Gunn Kim, Republic of Korea
- Mr. Antonio Novas, Spain
- Mr. Robert Culshaw, UK
- Ms. Lana Bennett, USA
- Ms. Amy Winton, USA
- Ms. Mary Tracy, USA
- Mr. Edwin Mubataripi, Zimbabwe
- Dr. Lawrence H. Shaw, Executive Director
- Mr. Carlos Valderrama, Economist
- Mr. Andrei Guitchounts, Economist
- Dr. Rafiq Chaudhry, TIS
- Mr. Federico Arriola, Administrative Officer
- Ms. Rosa-Marina Soper, Secretariat

The CHAIR introduced Mr. Dawood of Egypt and Mr. Culshaw of the United Kingdom, who were attending a meeting of the Standing Committee for the first time.

1. Adoption of Agenda

The Agenda was approved as presented.

2. Agenda and Timetable for the 56th Plenary Meeting

The CHAIR referred to Attachment I to SC-N-426 and noted that the Executive Director had consulted with the host government in developing the draft proposed Agenda. He noted that, in addition to items on the Agenda, a post-conference trip to Yguazu Falls and a new cotton operation were scheduled for Friday afternoon, October 31, and Saturday, November 1. He also reported that researchers would have an opportunity to visit the Instituto Agronomico Nacional at Caacupe, outside Asunción, on Wednesday, October 29. The CHAIR reported that the Meeting would take place at the Excelsior Hotel in Asunción, where room rates (including taxes and breakfast) were to be \$110 single, \$132 double; other hotels would have rates from \$40-70 single, \$50-88 double, and \$62-120 triple. The CHAIR said the Secretariat planned to send invitations to the Meeting at the beginning of June.

The delegate of the USA questioned why the Second Meeting of the Steering Committee, scheduled for Wednesday, October 29, was not put earlier in the Agenda. The Executive Director noted that the Second Meeting of the Steering Committee had been scheduled on the third day of the Plenary Meeting for the last two years, at the request of the US delegate. He assured the delegate that there would be ample time

all day Wednesday and even on Friday for discussion of any matters member governments wished to raise. The US delegate noted that she did not recall any request that this meeting be held on Wednesdays – only that sufficient time be allotted.

The delegate of the USA inquired if delegates knew what recommendations were to be presented to the Plenary Meeting at this time. The Executive Director noted that the only recommendation specifically discussed by the Standing Committee was the procedure for the hiring of the Executive Director during 1998. He said detailed proposed recommendations would be presented to the Standing Committee in September. The delegate of the USA said that she would like to remind the Executive Director of previous discussions in the Standing and Advisory Committees about the need for the Executive Director to prepare and circulate to delegates the working papers he prepares sufficiently in advance of the Plenary to provide time for adequate review prior to discussion in the Plenary. In response, the CHAIR requested that papers for the Plenary Meeting be prepared in advance.

There being no other comments, the CHAIR found consensus for the approval of the draft proposed Agenda and Timetable for the 56th Plenary Meeting.

3. Budget and Scale of Assessments for the Fiscal Year Beginning July 1, 1997

The CHAIR noted that the Rules and Regulations had been amended at the 55th Plenary Meeting to provide for a new presentation of the budget and referred to the provisions in the Rules and Regulations for the presentation and approval of the budget.

He noted the clarification of the intentions of the USA with regard to its financial obligations to the Committee by letter of the US delegate to the Executive Director on May 21. He said therefore that the budget proposal of the Executive Director was now that shown in Table 2 of Attachment II to SC-N-426 and the proposed scale of assessments was that shown in Table 4. He said Resolution I would now read, "It is resolved that authorized expenditures for the 12 months beginning July 1, 1997, are \$1,404,700."

The CHAIR also noted that an informal meeting of delegates to discuss the budget on May 1, to which all members of the Committee had been invited, had discussed the inclusion of \$100,000 as a contribution to the cost of developing a plan for worldwide cotton market development. He said, since that meeting, the Secretariat had distributed a paper supporting in detail the actions of the private sector to develop such a plan and proposing the \$100,000 contribution. He noted that the bulk of the funds to develop the plan would be raised from the private sector. He asked the Executive Director to comment on this item in the proposed budget.

The Executive Director referred to the mandate given the Secretariat and the Standing Committee, together with invited specialists, to prepare specific proposals for arresting the decline in cotton's market share. He noted that there was a private sector initiative, initially presented to the Standing Committee by Mr. J. N. Hahn, for a global cotton market development program underway involving the hiring of McKinsey & Co., a worldwide consulting company, to prepare a plan for the structure and financing of such a program. He said it was currently estimated that the costs of preparing this program would be \$1-1.5 million. The Executive Director said the \$100,000 included in the draft ICAC budget would be a contribution to the overall cost of developing the program, with most of the funds raised from the private sector interests most affected by the decline in cotton's market share.

The Executive Director noted that financial contributions to the efforts of other groups carrying out the mandates and aims of the ICAC was not a new initiative. He said that the budgets of the ICAC had included \$180,000 in such contributions in the last eight years.

Making a financial contribution of the order of \$100,000, he said, would be a way for the ICAC to contribute to the speedy development of a plan and would bring to the Committee the resources of a specialized management consulting firm. Contributing money at this time, he added, would allow the Committee to influence the plan. He noted that the Secretariat, with its limited resources, would not be able to produce a detailed plan in the period before the Plenary Meeting and that the Secretariat's ideas on the matter, originally presented at the 52nd Plenary Meeting, had not been met with enthusiasm by member governments.

The Executive Director further noted that the budgetary process of the ICAC was such that, if the ICAC was to contribute to and use McKinsey & Co. to carry out its mandate to develop action proposals to arrest the decline in cotton's market share, the matter needed to be discussed at the 426th Meeting. He

said there were no provisions in the Rules for supplemental assessments, should a decision be taken after July 1 by the Standing Committee or the Plenary Meeting to support the study.

The Executive Director said he was happy to present additional details of this item in the budget or any other items which were of interest to member countries.

The delegate of the USA made the following statement:

I presume that delegates have received a copy of my recent letter to the Executive Director. The U.S. Department of State has confirmed that the tax reimbursement due this year will be paid in full and that payment should shortly be received by the Committee. Our payment of the US assessment for 96/97 should also soon be received by the Committee. I understand, however, that this payment will fall short of the full amount due, because our appropriations for international organizations fell short of the Administration's budget request. With regard to fiscal year 1998, the Administration's request represents essentially full funding for US assessed contributions to 49 international organizations, including ICAC, and \$100 million for the payment of arrears.

Our goal for the ICAC budget is to achieve a reduction of at least 5 percent below the 1996/97 level. Therefore, the US cannot support a budget that is greater than \$1,212,000. We believe this can easily be achieved by eliminating built-in cushions, taking last year's excessive salary increases fully into account, the avoidance of taking on the funding of private sector initiatives and the careful management of scarce resources. For example, we consider last year's budget to be over-funded inasmuch as it was sufficient to provide for a 5.2% increase in salaries in addition to the \$45,500 contingency for tax reimbursements which the US is now committed to pay. In scrutinizing the 97/98 budget proposal, we added up the actual 1996/97 salary, insurance and pension contributions amounts provided to Committee members by the Executive Director in August of 1996. We then factored in the 4% merit increases, 4% bonuses, 1% pension increases, the \$3,000 for over-time/part-time employee expense and the \$42,000 for taxes not covered by the reimbursement agreement which were specified in the Executive Director's 1997/98 budget proposal. Having added all this, we still cannot account for over \$43,000 in funding requested under the categories of salaries, pensions and other personnel costs.

We have developed the alternative budget proposal below which would achieve our budget goal, which we would now like to discuss with delegates.

With regard to the initiative of private sector organizations to develop a study on protecting cotton's share of the world fiber market, we enthusiastically applaud such efforts. We agree that such a project can most effectively and efficiently be undertaken by the private sector with its own resources. We believe the ICAC can effectively be used as a forum for discussion and dissemination of information concerning concepts and findings but do not believe that it is appropriate for the ICAC to fund the project. We would hope that the consulting fee can be fully borne by the private sector by garnering more broadly based industry support.

Alternative Budget Proposed by the US

| | |
|---|-------------|
| Salaries at 96/97 level (includes 5.2% increase for all staff except Executive Director which exceeded cost of living index increases for 96/97 and 97/98 combined by 0.5%) | \$ 520,674 |
| Merit bonuses at rate of 4% of staff salaries excluding Executive Director's (\$419,472). | 16,779 |
| Merit increases in addition to bonuses (an additional bonus was effectively paid in 1996/97 by a cost of living increase which was more than double the appropriate amount for 1996/97 and still amounts to a 0.5% additional bonus in 97/98) | 0 |
| Pensions at 1996/97 levels (no increases required if salary bases not increased) | 128,781 |
| Insurance at 1996/97 level | 68,834 |
| Provision for consultants, overtime, part-time (per budget proposal) | 3,000 |
| Local taxes, etc. not covered under U.S. tax reimbursement agreement (per budget proposal) | 42,000 |
| Subtotal of salaries, pensions and other personnel costs | \$780,068 |
| Contribution for promotion study (listed under Forum - Training and Support) | 0 |
| Other budget expenses (\$30,000 less than proposed for 97/98) | 432,200 |
| Budget Total | \$1,212,268 |

The delegate of GERMANY made the following statement:

1. As a rule, the German Government strives for zero real growth in the budgets of international commodity organizations. The draft budget enclosed with Attachment II to SC - N- 426 for the 1997/98 fiscal year shows an increase of 17.3 percent (without the U.S.) or 10 percent (incl. the U.S.) relative to the budget of the previous year. Germany cannot approve this increase.

2. The major reason for this increase is the \$100,000 sum which the Executive Director has allotted for start-up financing of a "Consulting study to develop a plan for a worldwide effort to protect cotton's place in the world economy." The total costs of the study are estimated at \$250,000.

In our view, it is not correct, as stated by the Executive Director, that it was decided at the 54th or 55th ICAC Plenary Meetings to include this action program in the draft budget on a short-term basis. The "decisions" by the Plenary Meetings merely granted

priority to measures which could be taken to secure cotton's place in the world economy. To this end, the ICAC Secretariat and the SC, along with commissioned experts, are to prepare special proposals to be submitted to the member countries for a vote two months before the 56th Plenary Meeting so that they can then be implemented at that meeting. This vote has not yet occurred. Both the appropriation of resources and the commissioning of the study can therefore not be approved at this time, not least due also to currently scarce funds. Moreover, it should be reiterated (as in 86/87) that Germany in no way will directly co-finance, among other things, the promotion or marketing of cotton -nor will it do so through ICAC dues.

Moreover, the question of the study's usefulness and the cost amount would have to be discussed.

The estimated expenses for salaries in the amount of \$596,900, as opposed to \$558,900 in the previous year, mean an increase of 6.8 percent (and not the 4 percent cited in the explanation). This increase can likewise not be approved.

I would like to point out once again that a chart is to accompany the draft budget summarizing all the sums of the sub-items (like Salaries, Pension Contributions etc.) in four main groups (Economics and Statistics, Technical Information, Forum, Administration) to facilitate transparency and better comparison.

The delegate of BELGIUM supported the declaration of Germany and said that the decision of the 55th Plenary Meeting was to provide specific proposals regarding cotton's share of market. She proposed that a questionnaire be sent to all countries, including the private sector interests, to see what kind of proposals could be attempted. She said it was premature for the ICAC to contribute to a study.

The delegate of FRANCE broadly speaking fully shared the views of Germany and Belgium. He said France could not accept either a 17% or 10% increase in the budget and requested a revised proposal. He said he shared the view that the cost of developing a cotton market development plan should be funded by the private sector.

Regarding the cotton market development plan, the delegate of the UNITED KINGDOM noted that the proposed ICAC contribution to the cost of the study was not a small part of the ICAC budget. He supported the view that the private sector should be doing the study and said his government did not see the clear benefits of ICAC contributing to its costs.

The delegate of ITALY shared the views of other delegates regarding the cotton market development study. She said contribution to the cost of the study should be preceded by more detailed discussion. She shared the view that the Committee should abide by a zero percent real terms increase in determining both salaries and the overall budget. She said that the US budget proposal should be carefully analyzed.

The delegate of GREECE shared generally the views of Germany, Belgium, France and Italy. She said Greece supported the concept of zero real growth in the budget and asked for a revised proposal.

The delegate of AUSTRALIA agreed with the view that it is premature to approve a budget including such a cost item before the proposal is fully discussed. He inquired about the discrepancy between the \$250,000 figure in the budget document with the \$1.5 million figure in Attachment II to SC-N-427. The Executive Director noted that Mr. Hahn and the other organizers of the effort had initially indicated that \$250,000 would be required to get started but had more recently reported that the entire effort would cost about \$1.5 million.

The delegate of CHINA (TAIWAN) agreed that more information was needed to make a decision on contributing to the cost of such a study.

The delegate of ITALY noted that a \$1.5 million study would be sufficiently extensive that the ICAC might be able to contribute at a later stage. The Executive Director said he expected McKinsey & Co. to present a detailed proposal in the next seven days and that he hoped to be able to present more details of the proposed development of a cotton market development plan at the 427th Meeting of the Standing Committee. He said the detailed proposal would probably indicate if there are stages involved in the development of the plan.

The Executive Director presented the views of the Government of JAPAN, whose delegate was unable to be present at the Meeting. He said Japan noted that "Many other international organizations maintain the principle of so-called Zero-Percent Increase in Real Terms. We therefore believe that our Committee should abide by a zero percent increase in real terms principle."

The delegate of BRAZIL shared the concerns of other delegates. He noted that Brazil's cotton trade is increasing and that any increases in the budget impacted Brazil significantly. He supported the need for more information and options regarding the budget. With regard to contributing to the cost of developing a market development plan, he noted that Brazil wholeheartedly supported the initiative to do something about cotton's declining share of market but at the same time felt that there was a need for more information about the plan.

In other matters, the delegate of the USA said the USA found the budget presentation cumbersome to deal with. Specifically, she noted that there was a lack of totals for each budget category that was distributed among the functional areas (eg, salaries were distributed among Economics/Statistics,

Technical Information, Forum and Administration, but there was no salary total). She also noted that the additional break-out information requested by the USA was not handled clearly in the annex to the budget. She referred delegates to the format requested by the USA in January 1997 and distributed copies of this break-out request at this meeting. She requested that the budget be presented with the totals added up and comparisons made between proposed expenditures and actual expenditures in 1996/97. In urging other delegates to consider the alternative proposal of the USA, she said a 5% decrease in the ICAC budget would not be painful.

The delegate noted that, given the current assessment formula, the US assessment is large relative to the assessments of most other countries and what happens to the budget affects the USA proportionately more. The delegate noted that the USA has only an equal vote with every other member, including those who pay only the minimum amount. She asked delegates to consider a weighted voting system, at least in budgetary matters. She asked that, alternatively, the Standing Committee examine the possibility of changing the assessment formula to weight more heavily the equal contribution portion.

The Executive Director noted that he was required, as a result of the action of the 55th Plenary Meeting, to present the budget in the fashion shown in Attachment II. He said he had endeavored to add additional detail to make the budget document more transparent. He also said that he had endeavored to provide the additional detail requested by the USA in the annex and assured delegates that the operations of the Secretariat were completely transparent and that he was willing to provide whatever detail delegates required.

The delegate of GERMANY reiterated his request for additional information in his earlier statement. The delegate of ITALY shared the views of the USA regarding the presentation of the budget and said sums and comparisons with actual spending this year would be helpful. The delegate of FRANCE said it would be positive to have a presentation comparing this year's and last year's budget. BELGIUM agreed with the requests made by Germany and France.

The Chair, speaking as the delegate of the PHILIPPINES, supported zero real growth in the budget. At the same time, he said, items in the budget with regard to communications needed support, if the ICAC is to continue to be effective. He noted the increased costs at his Embassy when rapid advances in technology made computer systems obsolete.

The delegate of the USA said it was her view that the change in the Rules and Regulations made at the Plenary Meeting was intended to provide increased transparency and that the provision of additional budget formats was not precluded. In another matter, she inquired if the cash forecasts in Table 5 of Attachment II to SC-N-426 which is annotated, "assumes the USA will meet its obligations to the Committee," included the expected payments by the USA in the next month. The Executive Director noted that at the time Attachment II was prepared he had no assurance that the payments would be made this fiscal year. The delegate said the cash forecast had a bearing on the budget. The Executive Director noted that it was practice of the Committee to apply any excess working funds to reduce the assessment but that such funds are not yet available to the Committee.

The delegate of the USA inquired about the level of working funds considered to be excess. The Executive Director said the Committee had reduced the amount of working funds toward a level of 9% of the proposed budget in past years. He added that it was now clear that this level was not adequate as the Committee had run out of working funds in two of the past three years. The delegate of the USA noted that during these years there were members in long arrears, while there are no members in long arrears at present.

The CHAIR summarized the discussion on the budget. He said there was general consensus that it is premature to include a \$100,000 item in the budget for a contribution to a cotton market development plan without the further discussion expected at the next Meeting of the Standing Committee. He said it was therefore not possible to approve a budget at the 426th Meeting. He asked the Secretariat to provide the additional information requested by delegates and to present a budget option with zero real growth, noting the proposals from the USA to reduce budgeted expenditures.

At the request of the delegate of the REP. OF KOREA for a clarification of the schedule for considering the budget, the CHAIR said that the next meeting of the Standing Committee was scheduled for June 4. If it is not possible to come to a decision on the budget at that meeting, he said another meeting would be scheduled in June to complete work on the budget.

The CHAIR adjourned the Meeting at 11:25 am.



**Draft Proposed Agenda and Timetable for the 56th Plenary
Meeting to be Held in Asunción, Paraguay
October 27 to 31, 1997**

Sunday October 26, 1997

9:00 am Registration of delegates and observers
to
5:00 pm

Monday October 27, 1997

8:30 am Late registration of delegates and observers

9:30 am First Meeting of the Steering Committee

Adoption of the Agenda

10:00 am Inauguration of the Plenary Meeting

**Welcoming Remarks
Opening Addresses**

11:00 am First Plenary Session

**Report of the Chairman of the Standing Committee
Report of the Executive Director**

2:00 pm Second Plenary Session

The Current World Market Situation

Reports from the Secretariat and Invited Speakers
Discussion

8:00 pm Reception offered by the host government

Tuesday October 28, 1997

9:00 am Third Plenary Session

Preserving the Place of Cotton in the World Economy: An Action Plan

2:00 pm Fourth Plenary Session

Cotton in Mercosur

Wednesday October 29, 1997

8:30 am Second Meeting of the Steering Committee

**Reports from the Secretariat
Recommendations and Referrals from the Standing Committee
Other Business**

2:00 pm Fifth Plenary Session

Statements from Observers

Thursday October 30, 1997

8:30 am Meeting of the Committee on Cotton Production Research
to
3:00 pm

**Announcements
Reports on Common Fund Projects
Proposed Topics for Future Seminars
Discussion**

4:30 pm First Meeting of the Drafting Group

Development of a Statement for the 56th Plenary Meeting

8:00 pm Dinner offered by Dunavant Enterprises

Friday October 31, 1997

9:00 am Third Meeting of the Steering Committee

**Report of the Chairman of the Committee
on Cotton Production Research
Adoption of the Statement of the 56th Plenary Meeting
Date and Place of the 57th Meeting**

11:00 am Closing Plenary Session

**Announcements
Closing Remarks**



INTERNATIONAL COTTON ADVISORY COMMITTEE

Standing Committee
Washington, DC

Attachment II to SC-N-426
April 24, 1997

Proposed Budget and Scale of Assessments for 1997/98

While it was assumed in April 1996 that the issue of membership of the United States of America in the International Cotton Advisory Committee was settled, through action of the US Congress to require the President of the USA to insure that the USA remain a member of the Committee and pay its assessments, actions since that time have belied this notion. By letter dated January 3, 1997, the delegate of the USA notified the Executive Director that he had requested that the US State Department to withhold payment of the US assessment until certain matters were resolved. A meeting with representatives of the US Departments of Agriculture and State on February 6 indicated that the US Department of State had made a budget allocation of approximately \$200,000 of the \$231,681.16 owed to the Committee but was prepared not to spend these funds indefinitely. Despite actions by the Executive Director and the Standing Committee to resolve the matters of concern to the USA, as of this date, no payment toward the settlement of outstanding obligations of the USA has been received by the Secretariat. Furthermore, I am informed that the proposed Budget of the United States for the fiscal year beginning October 1, 1997, does not include any provision to pay the obligations of the USA to the Committee as part of its membership agreement and the separate Tax Reimbursement Agreement between the US Government and the Committee.

Under the above circumstances it necessary to assume that the Government of the USA will not meet its obligations to the Committee in 1997/98 and to propose a budget and scale of assessments which reflects these circumstances. If the Committee were to adopt a budget and scale of assessments which assumed that the USA would meet its obligations and the US Government continued to follow its current path, the Committee would be in financial ruin by the end of the 1997/98 fiscal year, as documented below. It would be imprudent of the Executive Director to propose such a budget and scale of assessments, and for the Standing Committee to adopt such a budget and scale of assessments, unless official assurances are made to the Committee from the US State Department that US Government obligations to the Committee in fiscal year 1997/98 will be met in full.

Activities of the Secretariat in 1997/98

The activities of the Secretariat are those specified in Article I, Terms of Reference, of the Rules and Regulations. In carrying out these functions, the Secretariat in 1997/98 will in

Economics and Statistics

Observe developments affecting the world cotton situation and maintain and develop complete, authentic and timely statistics relating to world production, trade, consumption, stocks and prices of cotton, other textile fibers and textiles. Provide this information in a timely fashion to member governments and otherwise assist them in the utilization of cotton information. Analyze and report on government policies affecting the world cotton market.

Prepare and publish six issues of *COTTON: Review of the World Situation*, in English, French and Spanish languages. Translate and publish the annual review (the September/October issue) into Arabic and Russian.

Prepare updated information on the world cotton situation for meetings of the Standing Committee and the Advisory Committee and publish regular monthly updates for member country coordinating agencies.

Prepare and publish a paper edition of *COTTON: World Statistics* in October 1996 and a CD-ROM edition of the complete basebook of cotton statistics in April 1998.

Prepare and publish *WORLD TEXTILE DEMAND*, *WORLD COTTON TRADE* and the *OUTLOOK FOR COTTON SUPPLY IN 1997/98* in October 1997.

Assist member governments in the utilization of cotton information.

Technical Information

Gather and disseminate information pertaining to cotton research programs. Facilitate the exchange of information and the development of better lines of communication among scientific workers in order to promote a better understanding of research problems.

Prepare and publish four issues of *THE ICAC RECORDER* in English, French and Spanish languages.

Prepare a report on current research in cotton.

Conduct a technical seminar at the 56th Plenary Meeting reporting on Common Fund assisted projects and prepare for the technical seminar at the 57th Meeting.

Provide assistance for regional meetings of cotton researchers in the Latin American region.

Make preparations for the World Cotton Research Conference-2, to be held in September 1998.

Forum

Assist the Committee to serve as a forum for international discussions on matters related to cotton prices. Offer suggestions to member governments regarding measures suitable and practicable for the furtherance of international collaboration directed towards developing and maintaining a sound world cotton economy.

Assist the Standing Committee in discussions of the world cotton situation.

Prepare documents for, conduct and publish the proceedings of the 56th Plenary Meeting of the Committee in Asunción, Paraguay, October 27-31, 1997. Prepare for the 57th Plenary Meeting to be held in Santa Cruz, Bolivia, in 1998.

Maintain communications with governments and other organizations interested in cotton.

Administration

Manage the finances and office of the Committee.

Carry out the Committee's responsibilities in supervising projects financed by the Common Fund for Commodities.

Manage the Staff Retirement Plan of the Committee.

Proposed Expenditures

A budget of \$1,498,700 is proposed for 1997/98, as shown in the following table, together with comparative figures for the previous ten years (Table 1). The 55th Plenary Meeting amended the Rules and Regulations of the Committee to provide that the Executive Director prepare for the consideration of the Standing Committee an annual detailed management budget to include the following headings: Salaries; pension contributions; travel and subsistence; office equipment; rent and rates, providing an indication of the staff resources to be devoted to administrative, technical and other activities.

As the budgetary categories may be unfamiliar, the following explanation is provided. Salaries includes the payment of regular net salaries and any bonuses to the permanent staff of the Secretariat under their contracts. Pension contribution is the Committee's contribution to the Staff Retirement Plan, calculated as 14.8% of a calculated gross salary. The formula used to adjust net salaries to gross salaries is that currently in use by the World Bank group (as revised in the early 1990s) and is essentially similar to that in use in the UN Pension System. Travel and subsistence expense includes the cost of tickets, hotels, meals and other travel expenses as detailed in the Staff Regulations for staff members traveling away from Washington. Office equipment currently includes the cost of purchased computer equipment and

Table 1.--Budget of the International Cotton Advisory Committee

| | 1987/88 | 1988/89 | 1989/90 | 1990/91 | 1991/92 | 1992/93 | 1993/94 | 1994/95 | 1995/96 | 1996/97 | Proposed 1997/98 |
|---------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------------------|
| Total | 857.0 | 866.6 | 999.3 | 1,034.4 | 1,089.1 | 1,135.4 | 1,208.3 | 1,170.0 | 1,192.4 | 1,276.5 | 1,498.7 |
| Economics and Statistics | 360.9 | 370.8 | 401.8 | 420.9 | 436.3 | 470.8 | 485.2 | 502.2 | 501.6 | 566.1 | 617.9 |
| Salaries | 163.0 | 179.9 | 183.2 | 197.2 | 215.5 | 231.6 | 244.3 | 255.1 | 261.5 | 275.4 | 297.9 |
| Pension Contributions | 36.8 | 39.3 | 44.7 | 44.5 | 49.4 | 53.7 | 57.2 | 60.1 | 61.8 | 61.8 | 63.0 |
| Travel and Subsistence | 11.5 | 15.0 | 20.5 | 16.5 | 18.0 | 28.0 | 23.5 | 18.0 | 18.0 | 18.0 | 18.0 |
| Office Equipment | 10.0 | 6.0 | 8.5 | 7.5 | 8.0 | 9.0 | 9.0 | 9.0 | 9.5 | 10.0 | 16.5 |
| Rent and Utilities | 36.2 | 36.8 | 36.3 | 39.0 | 42.4 | 45.9 | 43.2 | 47.0 | 51.3 | 48.0 | 55.5 |
| Other Expenses | 103.4 | 93.8 | 108.6 | 116.2 | 103.0 | 102.6 | 108.0 | 113.0 | 99.5 | 152.9 | 167.0 |
| Training and Support | 3.5 | 15.0 | 0.0 | 20.0 | 12.5 | 0.0 | 0.0 | 20.0 | 0.0 | 20.0 | 0.0 |
| Publication Expenses | 52.6 | 57.5 | 56.2 | 45.0 | 39.0 | 36.5 | 48.5 | 41.1 | 36.0 | 33.5 | 33.5 |
| Data Services | 2.0 | 7.5 | 5.0 | 5.3 | 6.0 | 7.5 | 8.0 | 6.9 | 4.0 | 6.5 | 16.0 |
| Office Expenses | 3.5 | 5.0 | 5.5 | 6.7 | 8.0 | 8.5 | 9.3 | 9.0 | 9.4 | 14.0 | 15.6 |
| Other Personnel Costs | 41.8 | 8.8 | 41.9 | 39.2 | 37.5 | 50.1 | 42.2 | 36.0 | 50.1 | 78.9 | 101.9 |
| Technical Information | 127.1 | 128.6 | 195.8 | 176.3 | 187.7 | 201.7 | 203.1 | 184.2 | 212.3 | 192.7 | 227.4 |
| Salaries | 54.8 | 61.4 | 68.8 | 80.2 | 68.5 | 72.7 | 81.8 | 84.5 | 80.5 | 85.5 | 92.8 |
| Pension Contributions | 12.0 | 12.7 | 15.1 | 18.2 | 15.1 | 16.2 | 18.5 | 19.2 | 18.3 | 18.3 | 18.8 |
| Travel and Subsistence | 6.0 | 8.0 | 12.5 | 15.0 | 13.5 | 13.5 | 14.0 | 9.5 | 11.5 | 11.5 | 11.5 |
| Office Equipment | 5.0 | 4.0 | 0.5 | 2.0 | 2.5 | 6.0 | 6.0 | 7.0 | 6.5 | 4.0 | 6.5 |
| Rent and Utilities | 14.5 | 14.7 | 14.5 | 15.6 | 17.0 | 18.4 | 17.3 | 18.8 | 20.5 | 20.4 | 22.2 |
| Other Expenses | 34.8 | 27.9 | 84.4 | 45.3 | 71.2 | 75.0 | 65.5 | 45.2 | 74.9 | 53.0 | 75.6 |
| Training and Support | 0.0 | 0.0 | 45.0 | 15.0 | 15.0 | 33.5 | 26.5 | 0.0 | 30.0 | 15.0 | 35.0 |
| Publication Expenses | 10.6 | 17.0 | 13.0 | 13.5 | 16.9 | 16.5 | 16.5 | 13.6 | 16.9 | 18.4 | 18.0 |
| Data Services | 2.0 | 2.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 0.1 | 1.0 | 1.0 | 5.0 |
| Office Expenses | 0.5 | 3.1 | 3.3 | 3.4 | 15.7 | 3.4 | 3.1 | 14.5 | 2.7 | 4.6 | 4.5 |
| Other Personnel Costs | 21.7 | 5.8 | 22.1 | 12.4 | 22.6 | 20.6 | 18.4 | 17.0 | 24.3 | 14.0 | 13.1 |
| Forum | 237.9 | 242.5 | 258.7 | 282.8 | 293.5 | 289.9 | 326.7 | 296.1 | 294.7 | 318.0 | 433.8 |
| Salaries | 58.3 | 63.7 | 68.3 | 74.4 | 81.6 | 86.5 | 90.6 | 93.3 | 95.6 | 99.0 | 103.1 |
| Pension Contributions | 13.7 | 14.6 | 17.3 | 18.3 | 20.4 | 21.8 | 23.0 | 23.7 | 24.4 | 24.4 | 24.4 |
| Travel and Subsistence | 45.5 | 38.0 | 31.3 | 37.5 | 40.0 | 36.5 | 43.3 | 33.5 | 33.0 | 35.5 | 33.0 |
| Office Equipment | 2.5 | 3.0 | 3.0 | 4.3 | 4.8 | 5.0 | 4.8 | 5.5 | 3.3 | 3.0 | 5.0 |
| Rent and Utilities | 10.9 | 12.9 | 12.5 | 13.7 | 14.9 | 16.7 | 16.1 | 18.3 | 20.3 | 19.9 | 22.1 |
| Other Expenses | 107.1 | 110.3 | 126.4 | 134.7 | 131.9 | 123.4 | 149.0 | 121.9 | 118.2 | 136.3 | 246.4 |
| Training and Support | | | | | | | | | | | 100.0 |
| Document Costs | 40.3 | 56.5 | 66.5 | 63.5 | 52.5 | 50.0 | 56.0 | 50.8 | 40.9 | 45.4 | 39.8 |
| Data Services | | | | | | | | | | | 5.0 |
| Interpretation | 30.0 | 30.0 | 27.5 | 35.0 | 40.0 | 40.0 | 52.5 | 30.0 | 39.0 | 40.0 | 38.3 |
| Office Expenses | 25.2 | 15.5 | 16.4 | 16.9 | 17.1 | 17.8 | 16.8 | 16.8 | 17.4 | 15.4 | 16.4 |
| Other Personnel Costs | 11.6 | 8.4 | 16.1 | 19.3 | 22.3 | 15.6 | 23.7 | 24.4 | 21.0 | 35.5 | 47.0 |
| Administration | 131.1 | 124.8 | 143.1 | 154.4 | 171.6 | 173.1 | 193.4 | 187.4 | 183.9 | 199.7 | 219.5 |
| Salaries | 58.3 | 63.7 | 68.3 | 74.4 | 81.6 | 86.5 | 90.6 | 93.3 | 95.6 | 99.0 | 103.1 |
| Pension Contributions | 13.7 | 14.6 | 17.3 | 18.3 | 20.4 | 21.8 | 23.0 | 23.7 | 24.4 | 24.4 | 24.4 |
| Travel and Subsistence | 8.0 | 8.0 | 8.8 | 7.5 | 10.0 | 10.5 | 19.3 | 8.5 | 11.0 | 11.0 | 11.0 |
| Office Equipment | 2.5 | 3.0 | 3.0 | 4.3 | 4.8 | 5.0 | 4.8 | 5.5 | 3.3 | 3.0 | 5.0 |
| Rent and Utilities | 10.9 | 9.2 | 9.3 | 9.8 | 10.5 | 10.9 | 9.8 | 9.9 | 10.4 | 10.5 | 11.3 |
| Other Expenses | 37.8 | 26.3 | 36.4 | 40.2 | 44.4 | 38.4 | 46.0 | 46.6 | 39.3 | 51.9 | 64.8 |
| Audit | 6.5 | 7.5 | 9.0 | 9.0 | 10.0 | 10.5 | 10.5 | 10.5 | 6.0 | 6.0 | 6.5 |
| Office Expenses | 19.7 | 10.5 | 11.4 | 11.9 | 12.1 | 12.3 | 11.8 | 11.8 | 12.4 | 10.4 | 11.4 |
| Other Personnel Costs | 11.6 | 8.4 | 16.1 | 19.3 | 22.3 | 15.6 | 23.7 | 24.4 | 21.0 | 35.5 | 47.0 |

furniture. Rent and utilities (rates) includes the cost of office rent, which includes the cost of electricity, and the cost of telephone, fax and telex services.

For the purpose of transparency, the remaining expenses of the Committee not included in the categories specified in the amended Rules and Regulations, "Other Expenses," are further detailed in the budget table. Other categories are as follows: Training and support represents the expenses of the Research Associate program and any support to regional or international cooperation in cotton. Publication Expenses includes the cost of printing, translating and mailing the publications of the Secretariat. Data services include cotton information wire services and the cost of maintaining a connection to the Internet. Office expenses include purchase of publications, office insurance, copying expense, supplies (including computer software and general office supplies) and representation. Interpretation expenses include the cost of providing for interpretation of proceedings into five languages at Plenary Meetings. Document costs represent the cost of printing, translating and mailing/shipping of documents for the Plenary Meeting. Other personnel expenses include the Committee's cost of life, disability and health insurance for staff (2/3 of the total cost), payments to consultants, part time employees and for overtime, and the net payment of taxes on income which certain employees of the Secretariat are required to pay to the US government and localities (less payments reimbursed by the US State Department).

In 1997/98, salary payments are to rise by 4%. This increase reflects adjustments to salaries reflecting the higher value of staff value to the Committee as a result of their experience and work on Committee business. No adjustments to reflect cost of living changes are planned. For the Standing Committee's information, the Cost of Living Index for the Washington DC area increased 4.7% between May 1995 and March 1997; a 5.2% cost of living increase was applied to Secretariat salaries on July 1, 1996. Aside from cost of living increases, there have been no general adjustments to Secretariat salaries in three years, since July 1, 1994. Pension contributions are to increase by 1%. Pension contributions remain frozen for most staff (since May 1995) until previous gross salary calculations are exceeded under the new formula. There are no increases expected in other personnel costs except for the reimbursement of taxes on income. It is assumed that there will be no reimbursement of these expenses in 1997/98, leading to a \$48,500 increase in costs from the 1996/97 budget (when it was assumed that there would be a \$45,500 reimbursement of \$91,000 of eligible expenses; these eligible expenses in 1997/98 are estimated at \$94,000).

Travel and subsistence expenses are expected to decline because of lower costs associated with travel to the Plenary Meeting. Office equipment expenses are expected to increase by \$13,000 due to the need to recable the Secretariat office to increase the ability of member countries to access the Committee's internet site. The budget for rent and utilities has been increased largely to reflect the higher operating costs assessed to the Committee under its lease (\$5,000) and higher than budgeted expenses to fax Committee documents to member countries (\$7,500).

In 1997/98, as decided by the 54th Plenary Meeting, part of the funds normally used for training and support will be used to contribute to the basic costs of the World Cotton Research Conference-2. In addition, it is proposed that the Committee contribute \$100,000 to the initial cost of a consulting study (the total initial costs are estimated at \$250,000, with the remainder raised privately from the world cotton industry) by McKinsey & Co. to develop a plan for a worldwide effort to protect cotton's place in the world economy. The Plan would also include a proposal for financing of such efforts through the private sector. The Advisory Committee at its 55th Meeting made preserving the place of cotton in the world economy its major priority. It instructed the Secretariat and the Standing Committee to prepare specific proposals to arrest the decline in cotton's share of market. Contributing to the cost of the McKinsey & Co. study will insure that a detailed proposal can be presented at the 56th Plenary Meeting at the end of October for action by the Advisory Committee.

Publication and document expenses are expected to fall by \$6,000, as an increasing share of the Committee's publications are distributed by email and the Internet. Correspondingly, however, the budget for data services has been increased by \$18,500 to reflect actual costs. These services had been under-budgeted for the last two years.

For comparison purposes, a budget assuming that the USA meets its obligations to the Committee has also been calculated (Table 2). This budget would be \$1,404,700, or \$94,000 less.

Table 2. --Budget of the International Cotton Advisory Committee*

| | 1987/88 | 1988/89 | 1989/90 | 1990/91 | 1991/92 | 1992/93 | 1993/94 | 1994/95 | 1995/96 | 1996/97 | Proposed 1997/98 |
|---------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------------------|
| Total | 857.0 | 866.6 | 999.3 | 1,034.4 | 1,089.1 | 1,135.4 | 1,208.3 | 1,170.0 | 1,192.4 | 1,276.5 | 1,404.7 |
| Economics and Statistics | 360.9 | 370.8 | 401.8 | 420.9 | 436.3 | 470.8 | 485.2 | 502.2 | 501.6 | 566.1 | 570.9 |
| Salaries | 163.0 | 179.9 | 183.2 | 197.2 | 215.5 | 231.6 | 244.3 | 255.1 | 261.5 | 275.4 | 297.9 |
| Pension Contributions | 36.8 | 39.3 | 44.7 | 44.5 | 49.4 | 53.7 | 57.2 | 60.1 | 61.8 | 61.8 | 63.0 |
| Travel and Subsistence | 11.5 | 15.0 | 20.5 | 16.5 | 18.0 | 28.0 | 23.5 | 18.0 | 18.0 | 18.0 | 18.0 |
| Office Equipment | 10.0 | 6.0 | 8.5 | 7.5 | 8.0 | 9.0 | 9.0 | 9.0 | 9.5 | 10.0 | 16.5 |
| Rent and Utilities | 36.2 | 36.8 | 36.3 | 39.0 | 42.4 | 45.9 | 43.2 | 47.0 | 51.3 | 48.0 | 55.5 |
| Other Expenses | 103.4 | 93.8 | 108.6 | 116.2 | 103.0 | 102.6 | 108.0 | 113.0 | 99.5 | 152.9 | 120.0 |
| Training and Support | 3.5 | 15.0 | 0.0 | 20.0 | 12.5 | 0.0 | 0.0 | 20.0 | 0.0 | 20.0 | 0.0 |
| Publication Expenses | 52.6 | 57.5 | 56.2 | 45.0 | 39.0 | 36.5 | 48.5 | 41.1 | 36.0 | 33.5 | 33.5 |
| Data Services | 2.0 | 7.5 | 5.0 | 5.3 | 6.0 | 7.5 | 8.0 | 6.9 | 4.0 | 6.5 | 16.0 |
| Office Expenses | 3.5 | 5.0 | 5.5 | 6.7 | 8.0 | 8.5 | 9.3 | 9.0 | 9.4 | 14.0 | 15.6 |
| Other Personnel Costs | 41.8 | 8.8 | 41.9 | 39.2 | 37.5 | 50.1 | 42.2 | 36.0 | 50.1 | 78.9 | 54.9 |
| Technical Information | 127.1 | 128.6 | 195.8 | 176.3 | 187.7 | 201.7 | 203.1 | 184.2 | 212.3 | 192.7 | 227.4 |
| Salaries | 54.8 | 61.4 | 68.8 | 80.2 | 68.5 | 72.7 | 81.8 | 84.5 | 80.5 | 85.5 | 92.8 |
| Pension Contributions | 12.0 | 12.7 | 15.1 | 18.2 | 15.1 | 16.2 | 18.5 | 19.2 | 18.3 | 18.3 | 18.8 |
| Travel and Subsistence | 6.0 | 8.0 | 12.5 | 15.0 | 13.5 | 13.5 | 14.0 | 9.5 | 11.5 | 11.5 | 11.5 |
| Office Equipment | 5.0 | 4.0 | 0.5 | 2.0 | 2.5 | 6.0 | 6.0 | 7.0 | 6.5 | 4.0 | 6.5 |
| Rent and Utilities | 14.5 | 14.7 | 14.5 | 15.6 | 17.0 | 18.4 | 17.3 | 18.8 | 20.5 | 20.4 | 22.2 |
| Other Expenses | 34.8 | 27.9 | 84.4 | 45.3 | 71.2 | 75.0 | 65.5 | 45.2 | 74.9 | 53.0 | 75.6 |
| Training and Support | 0.0 | 0.0 | 45.0 | 15.0 | 15.0 | 33.5 | 26.5 | 0.0 | 30.0 | 15.0 | 35.0 |
| Publication Expenses | 10.6 | 17.0 | 13.0 | 13.5 | 16.9 | 16.5 | 16.5 | 13.6 | 16.9 | 18.4 | 18.0 |
| Data Services | 2.0 | 2.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 0.1 | 1.0 | 1.0 | 5.0 |
| Office Expenses | 0.5 | 3.1 | 3.3 | 3.4 | 15.7 | 3.4 | 3.1 | 14.5 | 2.7 | 4.6 | 4.5 |
| Other Personnel Costs | 21.7 | 5.8 | 22.1 | 12.4 | 22.6 | 20.6 | 18.4 | 17.0 | 24.3 | 14.0 | 13.1 |
| Forum | 237.9 | 242.5 | 258.7 | 282.8 | 293.5 | 289.9 | 326.7 | 296.1 | 294.7 | 318.0 | 410.3 |
| Salaries | 58.3 | 63.7 | 68.3 | 74.4 | 81.6 | 86.5 | 90.6 | 93.3 | 95.6 | 99.0 | 103.1 |
| Pension Contributions | 13.7 | 14.6 | 17.3 | 18.3 | 20.4 | 21.8 | 23.0 | 23.7 | 24.4 | 24.4 | 24.4 |
| Travel and Subsistence | 45.5 | 38.0 | 31.3 | 37.5 | 40.0 | 36.5 | 43.3 | 33.5 | 33.0 | 35.5 | 33.0 |
| Office Equipment | 2.5 | 3.0 | 3.0 | 4.3 | 4.8 | 5.0 | 4.8 | 5.5 | 3.3 | 3.0 | 5.0 |
| Rent and Utilities | 10.9 | 12.9 | 12.5 | 13.7 | 14.9 | 16.7 | 16.1 | 18.3 | 20.3 | 19.9 | 22.1 |
| Other Expenses | 107.1 | 110.3 | 126.4 | 134.7 | 131.9 | 123.4 | 149.0 | 121.9 | 118.2 | 136.3 | 222.9 |
| Training and Support | | | | | | | | | | | 100.0 |
| Document Costs | 40.3 | 56.5 | 66.5 | 63.5 | 52.5 | 50.0 | 56.0 | 50.8 | 40.9 | 45.4 | 39.8 |
| Data Services | | | | | | | | | | | 5.0 |
| Interpretation | 30.0 | 30.0 | 27.5 | 35.0 | 40.0 | 40.0 | 52.5 | 30.0 | 39.0 | 40.0 | 38.3 |
| Office Expenses | 25.2 | 15.5 | 16.4 | 16.9 | 17.1 | 17.8 | 16.8 | 16.8 | 17.4 | 15.4 | 16.4 |
| Other Personnel Costs | 11.6 | 8.4 | 16.1 | 19.3 | 22.3 | 15.6 | 23.7 | 24.4 | 21.0 | 35.5 | 23.5 |
| Administration | 131.1 | 124.8 | 143.1 | 154.4 | 171.6 | 173.1 | 193.4 | 187.4 | 183.9 | 199.7 | 196.0 |
| Salaries | 58.3 | 63.7 | 68.3 | 74.4 | 81.6 | 86.5 | 90.6 | 93.3 | 95.6 | 99.0 | 103.1 |
| Pension Contributions | 13.7 | 14.6 | 17.3 | 18.3 | 20.4 | 21.8 | 23.0 | 23.7 | 24.4 | 24.4 | 24.4 |
| Travel and Subsistence | 8.0 | 8.0 | 8.8 | 7.5 | 10.0 | 10.5 | 19.3 | 8.5 | 11.0 | 11.0 | 11.0 |
| Office Equipment | 2.5 | 3.0 | 3.0 | 4.3 | 4.8 | 5.0 | 4.8 | 5.5 | 3.3 | 3.0 | 5.0 |
| Rent and Utilities | 10.9 | 9.2 | 9.3 | 9.8 | 10.5 | 10.9 | 9.8 | 9.9 | 10.4 | 10.5 | 11.3 |
| Other Expenses | 37.8 | 26.3 | 36.4 | 40.2 | 44.4 | 38.4 | 46.0 | 46.6 | 39.3 | 51.9 | 41.3 |
| Audit | 6.5 | 7.5 | 9.0 | 9.0 | 10.0 | 10.5 | 10.5 | 10.5 | 6.0 | 6.0 | 6.5 |
| Office Expenses | 19.7 | 10.5 | 11.4 | 11.9 | 12.1 | 12.3 | 11.8 | 11.8 | 12.4 | 10.4 | 11.4 |
| Other Personnel Costs | 11.6 | 8.4 | 16.1 | 19.3 | 22.3 | 15.6 | 23.7 | 24.4 | 21.0 | 35.5 | 23.5 |

*Assumes the USA will meet its obligations to the Committee in 1997/98

Financing the 1996/97 Budget

Revenues in addition to member government assessments likely to be available to finance the 1997/98 budget are the following:

| | |
|---|-----------|
| Sales of publications | \$ 90,000 |
| Interest income | \$ 35,000 |
| Registration fee at Plenary Meeting for observers | \$ 21,000 |
| Total | \$146,000 |

Given this additional revenue, the required assessment to finance the proposed budget of \$1,498,700, will be \$1,352,700. The amount is assessed the member countries in accord with the Rules and Regulations on the attached page (Table 3). Because the USA has notified the Executive Director that it is withholding payment of the 1996/97 assessment and because there appears to be no provision to pay 1997/98 obligations to the Committee, the USA is excluded from the calculation. There are no countries in arrears in payments to the Committee which are more than 12 months old except for a minimum amount. For comparison purposes, a scale of assessments was also calculated assuming that the Government of the USA is able to make assurances to the Committee that it will meet its obligations during 1997/98 (Table 4).

Funds of the Committee

It is proposed that the Reserve Fund be maintained at \$529,000. The purpose of the Reserve Fund is to cover the liabilities of the Committee in the event the Committee ceased to function. These liabilities are liabilities under the office space lease and liabilities to employees.

The Working Fund of the Committee is expected to be \$57,000 at the end of June 1997. It is assumed that the scale of assessment will be adopted by the end of May to allow governments wishing to do so the ability to pay their assessments in advance. With the proposed assessment and a similar payment experience to that in 1996/97, the Working Fund would be positive during 1997/98 and decline only to \$30,000 by June 30, 1998 (Table 5).

To demonstrate the impact of adopting a budget and scale of assessments on the assumption that the US Government will meet its obligations and it not doing so, the cash flow of the Committee has also been calculated under the following assumptions: A budget of \$1,404,700 is adopted; an assessment of \$1,258,700 is adopted; and the USA does not pay its 1997/98 assessment nor the tax reimbursement due January 1, 1998 (Table 6). Actual expenses would be \$1,498,700. Actual receipts would be \$1,254,000 and the Working Fund would be in deficit by \$106,000 on March 31, 1998, and in deficit by \$187,000 by June 30, 1998. This deficit would wipe out 35% of the Reserve Fund. The Committee, having had its finances seriously weakened, would a year from now be forced to exclude the USA from further assessment calculations.

Resolutions

The following resolutions are proposed for adoption:

- I. It is resolved that authorized expenditures for the 12 months beginning July 1, 1997, are \$1,498,700.
- II. It is resolved that the amounts to be contributed by member governments for the fiscal year beginning July 1, 1996, are those shown in the table on the calculation of assessments in Table 3.
- III. It is resolved that the Reserve Fund be set at \$529,000.

Table 3.--Calculation of the Scale of Assessments for 1997/98

The calculation of the scale of assessments in the following table was made in accord with Article II, Section 4 a of the Rules and Regulations of the ICAC.

| | Average Trade 1992/93-95/96 000 Tons | Equal Contribution US\$ | Prorata Assessment US\$ | 1997/98 Assessment US\$ |
|---------------------------------|--|-------------------------------|-------------------------------|-------------------------------|
| ARGENTINA | 154 | 13,527 | 18,886 | 32,400 |
| AUSTRALIA | 335 | 13,527 | 41,021 | 54,500 |
| AZERBAIJAN | 75 | 13,527 | 9,156 | 22,700 |
| BELGIUM | 46 | 13,527 | 5,661 | 19,200 |
| BOLIVIA | 13 | 13,527 | 1,624 | 15,200 |
| BRAZIL | 405 | 13,527 | 49,563 | 63,100 |
| CAMEROON | 57 | 13,527 | 6,958 | 20,500 |
| CHAD | 54 | 13,527 | 6,588 | 20,100 |
| CHINA (TAIWAN) | 274 | 13,527 | 33,590 | 47,100 |
| COLOMBIA | 33 | 13,527 | 3,993 | 17,500 |
| COTE D'IVOIRE | 91 | 13,527 | 11,202 | 24,700 |
| EGYPT | 79 | 13,527 | 9,735 | 23,300 |
| FINLAND | 2 | 13,527 | 193 | 13,700 |
| FRANCE | 142 | 13,527 | 17,358 | 30,900 |
| GERMANY | 180 | 13,527 | 22,055 | 35,600 |
| GREECE | 233 | 13,527 | 28,482 | 42,000 |
| INDIA | 162 | 13,527 | 19,817 | 33,300 |
| IRAN | 6 | 13,527 | 784 | 14,300 |
| ISRAEL | 37 | 13,527 | 4,537 | 18,100 |
| ITALY | 344 | 13,527 | 42,153 | 55,700 |
| JAPAN | 406 | 13,527 | 49,706 | 63,200 |
| KOREA, REP. | 375 | 13,527 | 45,914 | 59,400 |
| MALI | 130 | 13,527 | 15,944 | 29,500 |
| NETHERLANDS | 5 | 13,527 | 629 | 14,200 |
| PAKISTAN | 237 | 13,527 | 28,999 | 42,500 |
| PARAGUAY | 124 | 13,527 | 15,176 | 28,700 |
| PHILIPPINES | 63 | 13,527 | 7,749 | 21,300 |
| POLAND | 104 | 13,527 | 12,783 | 26,300 |
| RUSSIA | 491 | 13,527 | 60,180 | 73,700 |
| SOUTH AFRICA | 44 | 13,527 | 5,440 | 19,000 |
| SPAIN | 118 | 13,527 | 14,400 | 27,900 |
| SUDAN | 63 | 13,527 | 7,762 | 21,300 |
| SWITZERLAND | 46 | 13,527 | 5,617 | 19,100 |
| SYRIA | 148 | 13,527 | 18,140 | 31,700 |
| TANZANIA | 56 | 13,527 | 6,884 | 20,400 |
| TURKEY | 241 | 13,527 | 29,549 | 43,100 |
| UGANDA | 7 | 13,527 | 812 | 14,300 |
| UNITED KINGDOM | 18 | 13,527 | 2,207 | 15,700 |
| UZBEKISTAN | 1,196 | 13,527 | 146,454 | 160,000 |
| ZIMBABWE | 32 | 13,527 | 3,916 | 17,400 |
| Total of Above | 6,625 | 541,080 | 811,620 | 1,352,600 |
| Not Included in the Calculation | | | | |
| USA | 1,610 | 13,527 | 197,203 | 210,700 |

Table 4.--Calculation of the Scale of Assessments for 1997/98*

The calculation of the scale of assessments in the following table was made in accord with Article II, Section 4 a of the Rules and Regulations of the ICAC.

| | Average Trade 1992/93-95/96 000 Tons | Equal Contribution US\$ | Prorata Assessment US\$ | 1997/98 Assessment US\$ |
|----------------|---|--|--|--|
| ARGENTINA | 154 | 12,278 | 14,136 | 26,400 |
| AUSTRALIA | 335 | 12,278 | 30,704 | 43,000 |
| AZERBAIJAN | 75 | 12,278 | 6,854 | 19,100 |
| BELGIUM | 46 | 12,278 | 4,237 | 16,500 |
| BOLIVIA | 13 | 12,278 | 1,216 | 13,500 |
| BRAZIL | 405 | 12,278 | 37,098 | 49,400 |
| CAMEROON | 57 | 12,278 | 5,208 | 17,500 |
| CHAD | 54 | 12,278 | 4,931 | 17,200 |
| CHINA (TAIWAN) | 274 | 12,278 | 25,142 | 37,400 |
| COLOMBIA | 33 | 12,278 | 2,989 | 15,300 |
| COTE D'IVOIRE | 91 | 12,278 | 8,384 | 20,700 |
| EGYPT | 79 | 12,278 | 7,286 | 19,600 |
| FINLAND | 2 | 12,278 | 145 | 12,400 |
| FRANCE | 142 | 12,278 | 12,993 | 25,300 |
| GERMANY | 180 | 12,278 | 16,508 | 28,800 |
| GREECE | 233 | 12,278 | 21,319 | 33,600 |
| INDIA | 162 | 12,278 | 14,833 | 27,100 |
| IRAN | 6 | 12,278 | 587 | 12,900 |
| ISRAEL | 37 | 12,278 | 3,396 | 15,700 |
| ITALY | 344 | 12,278 | 31,552 | 43,800 |
| JAPAN | 406 | 12,278 | 37,205 | 49,500 |
| KOREA, REP. | 375 | 12,278 | 34,366 | 46,600 |
| MALI | 130 | 12,278 | 11,934 | 24,200 |
| NETHERLANDS | 5 | 12,278 | 471 | 12,700 |
| PAKISTAN | 237 | 12,278 | 21,705 | 34,000 |
| PARAGUAY | 124 | 12,278 | 11,359 | 23,600 |
| PHILIPPINES | 63 | 12,278 | 5,800 | 18,100 |
| POLAND | 104 | 12,278 | 9,568 | 21,800 |
| RUSSIA | 491 | 12,278 | 45,045 | 57,300 |
| SOUTH AFRICA | 44 | 12,278 | 4,072 | 16,400 |
| SPAIN | 118 | 12,278 | 10,779 | 23,100 |
| SUDAN | 63 | 12,278 | 5,810 | 18,100 |
| SWITZERLAND | 46 | 12,278 | 4,204 | 16,500 |
| SYRIA | 148 | 12,278 | 13,578 | 25,900 |
| TANZANIA | 56 | 12,278 | 5,153 | 17,400 |
| TURKEY | 241 | 12,278 | 22,118 | 34,400 |
| UGANDA | 7 | 12,278 | 608 | 12,900 |
| UNITED KINGDOM | 18 | 12,278 | 1,652 | 13,900 |
| USA | 1,610 | 12,278 | 147,606 | 159,900 |
| UZBEKISTAN | 1,196 | 12,278 | 109,620 | 121,900 |
| ZIMBABWE | 32 | 12,278 | 2,931 | 15,200 |
| Total of Above | 8,235 | 503,400 | 755,100 | 1,258,600 |

*Assumes that the USA will meet its obligations to the Committee

Table 6.--Projected Cash Flow of the International Cotton Advisory Committee*
000 US \$

| | First Quarter 1997/98 | Second Quarter 1997/98 | Third Quarter 1997/98 | Fourth Quarter 1997/98 | 1993/94 | 1994/95 | 1995/96 | 1996/97 | 1997/98 |
|---------------------------------------|--------------------------|---------------------------|--------------------------|---------------------------|---------|---------|---------|---------|---------|
| Total funds beginning of period | 586 | 600 | 649 | 423 | 778 | 515 | 824 | 537 | 586 |
| Income from publications and fees | 20 | 41 | 30 | 20 | 23 | 94 | 89 | 140 | 111 |
| Interest income | 7 | 8 | 7 | 5 | 26 | 26 | 40 | 40 | 27 |
| Assessments received for current year | 362 | 344 | 100 | 100 | 606 | 806 | 590 | 825 | 906 |
| Assessments received for past years | 75 | 75 | 0 | 0 | 281 | 296 | 258 | 260 | 150 |
| Assessments received in advance | | | | 60 | 1 | 255 | 1 | 60 | 60 |
| Total receipts | 464 | 468 | 137 | 185 | 937 | 1477 | 978 | 1325 | 1254 |
| Expenses | 450 | 419 | 363 | 266 | 1200 | 1168 | 1265 | 1277 | 1498 |
| Total funds end of period | 600 | 649 | 423 | 342 | 515 | 824 | 537 | 586 | 342 |
| Reserve fund | 529 | 529 | 529 | 529 | 511 | 544 | 529 | 529 | 529 |
| Working fund | 71 | 120 | -106 | -187 | 4 | 280 | 8 | 57 | -187 |

Calculation of Assessment

| | |
|--------------------|------|
| Budgeted expenses | 1404 |
| Less: Other income | 138 |
| Assessment | 1266 |

*Assessment calculated with the USA included, but the USA doesn't meet its obligations to the Committee

Annex

As agreed with the delegate of the USA in February 1997, additional budget detail, outside the format of the budget presentation specified in the amended Rules and Regulations, is provided below in categories specified by the USA:

Remuneration: There will be no change in the salary of the Executive Director. He will continue to refund the cost of living increase made to his salary on July 1, 1996, to the Committee. The percentage increase in salaries of other staff will vary. A provision for bonus payments of 4% of the salary and benefits budget has been made. Retirement spending is detailed in the regular budget presentation. Life, disability and health insurance represent 7.5% of the salary and benefits budget. A provision of \$3,000 has been made for payments to consultants, for overtime and for part-time employees. Tax payments of \$136,000 are included in the budget, with no reimbursement from the US government.

Travel: Approximately 7% of the \$73,500 provided for travel and subsistence will be spent in the USA, to attend meetings of US cotton industry organizations.

Office Expenses: Provision is made for \$4,200 for copying expense, which covers the annual lease cost of a copying machine and outside copying expense. Furniture expense of \$3,000 is included under office equipment. Office insurance policies are budgeted at \$5,200, covering workman's compensation, bonding, office equipment and travel. \$4,000 is provided for the purchase of publications. The representation budget remains at \$6,000. The supplies budget of \$20,000 includes purchases of computer software as well as ordinary office supplies such as paper, pens, paper clips and the like.

Occupancy: The cost of the Secretariat's office space is budgeted at \$75,000 under the category rent and utilities, which is allocated to functions as follows: Economics and Statistics, 50%; Technical Information, 20%; Forum, 15%; and Administration, 15%.

Training: There are no training funds budgeted in 1997/98. All funds under the category Training and Support will go to the partial funding of initiatives of other groups involved in cooperative cotton efforts.

Language Services: Translation expenditures are included under publication expenses and document costs. In total they are budgeted at \$45,000, \$1,000 more than in 1996/97. Interpretation expense for the Plenary Meeting is shown separately in the budget presentation.

Communications: This category of spending in previous budgets represented mailing, telephone, fax, telex, data services and courier expenses. Mailing costs of \$17,200 are included under publication expenses and document costs; telephone, fax and telex expense of \$36,000 is included under rent and utilities and allocated by function using the same percentages as for office rent. Data services expenses are detailed in the budget presentation. A provision of \$1,300 for courier expense is included.